

HB 1858 -- Beer Wholesalers

Sponsor: Cox

This bill changes the laws regarding beer wholesalers. In its main provisions, the bill:

(1) Prohibits a beer brewer or brewer's officer, director, manager, agent, employee, or an affiliate of one of these from having any financial interest in a beer wholesaler or from serving as a director, manager, employee, or agent of a beer wholesaler;

(2) Exempts the following from the prohibition:

(a) A security interest in products sold to a wholesaler until the full purchase price has been paid;

(b) A brewer's interest in the wholesaler or assets of the wholesaler for no more than one year and only for the purpose of facilitating an orderly transfer of the interest to a person not affiliated with the brewer when the interest is held as the result of a judgment against the wholesaler or due to the acquisition of the wholesaler or the assets of the wholesaler as a result of a written request of the wholesaler; and

(c) A minority interest of less than 50% in a beer wholesaler for a period of not more than two years under a written agreement with the wholesaler;

(3) Specifies that if a wholesaler sold 10% or more of a brewer's total production during two of the past three years and the wholesaler's franchise agreement for a brand of beer in a designated sale territory is terminated for cause and the termination is not stayed or more than 50% of the ownership of the wholesaler is transferred, the brewer may serve as a wholesaler of its products in the designated area indefinitely upon obtaining a wholesaler's license for its products from the Supervisor of Liquor Control within the Department of Public Safety;

(4) Specifies that a brewer that manufactures beer with an annual production of 10,000 barrels or less may own or have an interest in a beer wholesaler that sells only the brewer's products. This provision will not apply to a licensed microbrewery and cannot be construed to prohibit a wine manufacturer from lawfully producing and selling products under any other provision; and

(5) Prohibits any wholesaler from having a financial interest in

a brewer, except that a wholesaler may own up to 5% of the stock of a publicly traded brewer.